

SENATE DEMOCRATIC LEADER • MARK SCHAUER • 19TH DISTRICT

Schauer Press Release

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SCHAUER ANNOUNCES LEGISLATION TO HELP SPUR OIL PRODUCTION, CREATE NEW ENERGY JOBS FOR MICHIGAN

LANSING-In the shadow of an energy-producing wind turbine in Delta Township, State Senator Mark Schauer (D-Battle Creek) today unveiled details of legislation he has been working on to spur oil production in Michigan and provide resources for investing in renewable energy jobs. The announcement comes as consumers continue to pay high prices at the pump and the debate rages on about long-term energy policy.

"We need to stand up to the oil companies and tell them to drill or get off the pot, and do it in a way that allows us to move toward a renewable energy future," said Schauer. "As I've consistently said, drilling alone is not the answer, but while it is a part of the current system we should make sure it's done responsibly and that consumers and taxpayers benefit - not just the oil companies."

Highlights of Schauer's "Drill Responsibly-Create New Energy Jobs" include:

- Demand responsible oil production in currently leased land
- If no production in five years, land goes back to state to be re-leased
- Financial penalties for stockpiling land to profit from reserves without producing
- No new leases unless current ones are used
- Modernize lease system to make sure taxpayers and consumers benefit from production
- Switch from the outdated 1/6 royalty system to a 50/50 "working interest" model - as the federal government and other countries are moving toward. Other states like Alaska, Colorado, Texas, Wyoming, Oklahoma, and Louisiana all make more compensation for their taxpayers from production
- Create fund where additional revenue is used to transition to renewable energy projects and job creation

According to Legislative Service Bureau estimates, there are approximately 4,187 active leases in Michigan on which oil is not being produced, 1,667 pending leases on which oil is not being produced, and only 3,773 that are actually producing oil. This legislation would force companies to make use of the resources they have or allow them to go to companies who will.

Also, Michigan's royalty system has not been updated in decades and this proposal will allow the state to invest in renewable energy projects that will create good-paying jobs.

"Too often we are criticized or paralyzed by the question of how we will fund important efforts. This proposal takes the fiscally-responsible approach of identifying a funding source to provide incentives for innovation and job creation," said Schauer.

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